

Financial Report
Rivertown Repertory Theatre Guild, Inc.

June 30, 2011



Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date MAY 09 2012

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

TABLE OF CONTENTS

Rivertown Repertory Theatre Guild, Inc

June 30, 2011

Page Number

Financial Section

Independent Auditor's Report

1-2

Exhibits

A - Statement of Assets, Liabilities, and Net Assets -
Modified Cash Basis

3

B - Statement of Revenues, Expenses, and Changes in Net
Assets - Modified Cash Basis

4

C - Statement of Functional Expenses - Modified Cash Basis

5

D - Notes to Financial Statements - Modified Cash Basis

6 - 11

Special Report of Certified Public Accountants

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards

12 - 13

Schedule of Findings and Responses

14 - 15

Reports by Management

Schedule of Prior Year Findings and Responses

16 - 17

Management's Corrective Action Plan

18

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Rivertown Repertory Theatre Guild, Inc ,
Kenner, Louisiana

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of Rivertown Repertory Theatre Guild, Inc (the "Guild") (a nonprofit organization), as of June 30, 2011, and the related statements of revenues, expenses, and changes on net assets - modified cash basis, and the statement of functional expenses - modified cash basis for the year then ended. These financial statements are the responsibility of the Guild's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2b, these financial statements were prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Rivertown Repertory Theatre Guild, Inc. as of June 30, 2011, and its revenues, expenses and changes in net assets for the year ended June 30, 2011, on the modified cash basis of accounting described on Note 2b.

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2011 on our consideration of the Guild's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, Louisiana,
December 1, 2011

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS

Rivertown Repertory Theatre Guild, Inc.

June 30, 2011

Assets

Cash and cash equivalents	\$ 78,612
Property and equipment, net of accumulated depreciation	<u>1,202</u>
Total assets	<u><u>\$ 79,814</u></u>

Liabilities

Payroll taxes payable	\$ 644
-----------------------	--------

Net Assets (Unrestricted)	<u>79,170</u>
----------------------------------	---------------

Total liabilities and net assets	<u><u>\$ 79,814</u></u>
----------------------------------	-------------------------

See notes to financial statements

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS**

Rivertown Repertory Theatre Guild, Inc.

For the year ended June 30, 2011

Operating Revenue:

Admissions	\$ 214,019
Buffets, rental and other support	40,560
In-kind support	146,570
Interest income	3
	<hr/>

Total operating revenue	<hr/> 401,152
-------------------------	---------------

Operating Expenses:

Production costs	434,197
------------------	---------

Supporting Services:

Management and general	<hr/> 125,709
------------------------	---------------

Total operating expenses and supporting services	<hr/> 559,906
--	---------------

Loss from operations	<hr/> (158,754)
----------------------	-----------------

Other Support:

Contributions	8,350
Government support	50,000
Grants - corporate and other	26,618
Special event, net of expenses of \$135	<hr/> 2,735

Total other support	<hr/> 87,703
---------------------	--------------

Decrease in Net Assets	(71,051)
------------------------	----------

Net Assets (Unrestricted)

Beginning of year	<hr/> 150,221
-------------------	---------------

End of year	<hr/> <hr/> \$ 79,170
-------------	-----------------------

See notes to financial statements

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**Rivertown Repertory Theatre Guild, Inc.**

For the year ended June 30, 2011

	<u>Production Costs</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ 459	\$ -	\$ 459
Artists and professional fees	118,224	7,980	126,204
Automobile expense	1,743	-	1,743
Catering	31,026	-	31,026
Depreciation	1,277	426	1,703
Equipment rental and repairs	28,913	-	28,913
Insurance	16,299	17,738	34,037
Miscellaneous	13,213	1,237	14,450
Occupancy	86,365	15,241	101,606
Postage and shipping	1,424	-	1,424
Printing	6,473	-	6,473
Production	36,779	-	36,779
Professional - legal and accounting fees	-	17,300	17,300
Salaries, payroll taxes and employee benefits	53,914	64,285	118,199
Supplies	1,977	405	2,382
Utilities and telephone	36,111	1,097	37,208
Total expenses	<u>\$ 434,197</u>	<u>\$ 125,709</u>	<u>\$ 559,906</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS -
MODIFIED CASH BASIS

Rivertown Repertory Theatre Guild, Inc.

June 30, 2011

Note 1 - NATURE OF ACTIVITIES

Rivertown Repertory Theatre Guild, Inc (the "Guild") is a non-profit organization operating in Kenner, Louisiana. Its stated purpose is to provide community theatre for patrons of the arts in Jefferson Parish, Louisiana. The Guild was established to provide the highest quality theatrical productions in a season of plays and musicals that foster a high quality of cultural life in the community, maximizing the impact of art for all patrons and fostering an understanding of arts value with future generations through education workshops, while providing a cultural outlet for serious artists who desire to further develop their discipline.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Guild is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained on examination. Tax years ended June 30, 2008 and later remain subject to examination by taxing authorities. As of June 30, 2011, management of the Guild believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The accompanying financial statements of the Guild have been prepared on the basis of cash receipts and disbursements, with the following exceptions.

- Furniture and equipment are capitalized and depreciated as described in Note 2e.
- In-kind support and revenue, and related expense are recorded as described in Note 5

The modified cash basis of accounting differs from generally accepted accounting principles primarily because the Guild has not recognized contributions receivable, payables for salaries and wages and other expenses, and deferred revenue for payments received for tickets for next year's season and their related effects on the change in net assets

c. Financial Statement Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows

Unrestricted Net Assets - Support, revenue, and expenses for the general operation of the Guild

Temporarily Restricted Net Assets - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period The Guild does not have any temporarily restricted net assets as of June 30, 2011

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Guild The Guild does not have any permanently restricted net assets as of June 30, 2011

The Guild's program expenses are shown as production costs in the accompanying Statement of Revenue, Expenses, and Changes in Net Assets - Modified Cash Basis

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting includes the use of management's estimates that affect the financial statements and disclosures. Accordingly, actual results could differ from those estimates

e. Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value on the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are generally 5 to 7 years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the changes in net assets

f. Admissions

Ticket sales received prior to the fiscal year in which the performances will be held are recorded as revenue in the year cash is received under the modified cash basis of accounting. As of June 30, 2011, the amount of such ticket sales totaled approximately \$116,000

g. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expired in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis as net assets released from restriction

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Contributions (Continued)

The Guild did not collect any restricted contributions during the year ended June 30, 2011

h. Allocated Expenses

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses - Modified Cash Basis. Certain expenses have been allocated among the programs and supporting services based on management's estimates of the costs incurred.

i. In-kind Support

The Guild reports in-kind support at its estimated fair market value on the date of donation. In-kind support consists primarily of the use of donated facilities, supplies, repairs and production expenses, and other marketing and information technology services.

j. Cash and Cash Equivalents

The Guild considers money market funds and short-term investments, with an original maturity of less than three months from the acquisition date to be cash equivalents.

k. Subsequent Events

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 1, 2011, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Guild's bank deposits may not be returned to it. As of June 30, 2011, the Guild's bank balances were fully insured by the Federal Deposits Insurance Corporation (FDIC), which insures the total balance of accounts up to \$250,000.

Note 4 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2011 is summarized as follows

Office, kitchen and other	\$ 34,223
Costume sewing equipment	7,500
Theatre equipment	16,778
Furniture	<u>5,000</u>
Total	63,501
Less accumulated depreciation	<u>62,299</u>
Total	<u>\$ 1,202</u>

Depreciation expense for the year ended June 30, 2011 was \$1,703.

Note 5 - IN-KIND SUPPORT AND SERVICES

Significant services, materials, and facilities were donated to the Guild by various supporters, principally the City of Kenner. These donations have been recorded as revenues and expenses.

The fair market values of the above referenced donations, which have been recorded as in-kind support is comprised of the following:

Donated use of facilities	\$ 101,606
Supplies, repairs and production	23,964
Marketing services	15,960
Information technology services	<u>5,040</u>
Total	<u>\$ 146,570</u>

Approximately 14,600 (unaudited) donated service hours for production talent and box office operations were received during the year ended June 30, 2011, but were not recognized in the financial statements because they did not meet the criteria for recognition.

Note 6 - RELATED PARTIES

During 2011, the Guild paid approximately \$39,000 for marketing services, \$3,300 for artists and professional fees, \$15,000 for production services to individuals related to the executive director, and \$1,950 to a company owned by the executive director for production services. The marketing services were discounted by \$15,960, which have been recorded as in-kind support and expenses (see Note 5). Additionally, communication services of approximately \$5,040 and other supplies and production expenses of \$23,964 were performed by individuals related to the executive director, which have also been recorded as in-kind support and expenses.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Rivertown Repertory Theatre Guild, Inc.,
Kenner, Louisiana.

We have audited the financial statements of Rivertown Repertory Theatre Guild, Inc. (the "Guild"), as of and for the year ended June 30, 2011, and have issued our report thereon, dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Guild is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Guild's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Guild's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Guild's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we

identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as item 11-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Guild's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Responses as item 11-02.

The Guild's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Guild's responses and accordingly we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-thru entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 1, 2011.

SCHEDULE OF FINDINGS AND RESPONSES

Rivertown Repertory Theatre Guild, Inc.

For the year ended June 30, 2011

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☒ yes ☐ no

b) Federal Awards

Rivertown Repertory Theatre Guild, Inc. did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Lack of Segregation of Duties

Criteria - The internal control structure should be designed to provide for adequate segregation of duties to provide reasonable assurance that all transactions are being properly recorded in the accounting records.

Section II - Financial Statement Findings (Continued)

Internal Control Over Financial Reporting (Continued)

11-01 Lack of Segregation of Duties (Continued)

Condition - The majority of the accounting functions of the Guild are performed by one person.

Context - Systematic.

Effect - A weak system of internal controls over financial reporting results which may result in errors and fraud not being detected in a timely manner.

Cause - There is a limited number of employees qualified to assist in the accounting function.

Recommendation - We recommend the Guild consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical. - None.

Compliance and Other Matters

11-02 Financial Statements Prepared on a Basis other than Generally Accepted Accounting Principles

Criteria - Louisiana Revised Statute 24:514 requires public entities to submit audited financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") to the Legislative Auditor.

Condition - The Guild's financial statements were not prepared in accordance with GAAP, but instead were prepared using the modified cash basis of accounting.

Questioned Costs - None.

Context - Pervasive.

Cause - Management was not aware that Louisiana Revised Statute 24:514 required public entities to submit their audited financial statements prepared in accordance with GAAP to the Legislative Auditor.

Section II - Financial Statement Findings (Continued)

Compliance and Other Matters (Continued)

11-02 Financial Statements Prepared on a Basis other than Generally Accepted Accounting Principles (Continued)

Effect - The Guild was not in compliance with state law.

Recommendation - We recommend that the Guild comply with state law and prepare their financial statements in accordance with GAAP.

Views of Responsible officials of the Auditee when there is a disagreement with the finding, to the extent practical - None.

Section III - Internal Control and Compliance Material to Federal Awards

Not applicable.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
84

**SCHEDULE OF PRIOR YEAR FINDINGS
AND RESPONSES**

Rivertown Repertory Theatre Guild, Inc.

For the year ended June 30, 2011

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basis Financial Statements**

Internal Control Over Financial Reporting

10-01 Lack of Segregation of Duties

Recommendation - We recommend the Guild consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Management's Corrective Action - Unresolved. Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation (See Item 11-01).

10-02 Preparation of Financial Statements and Disclosures

Recommendation - Management should consider preparing the financial statements, including footnotes, internally. Management and those charged with governance can mitigate the lack of expertise in preparing financial statements and required footnote disclosures by carefully reviewing the financial statements, including disclosures that are prepared by the auditors

Management's Corrective Action - Resolved For the year ended June 30, 2011, Management has implemented procedures within the financial reporting process that includes the preparation of the related financial statements and footnotes.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2010 related to compliance and other matters.

Section II - Internal Control and Compliance Material to the Federal Awards

Rivertown Repertory Theatre Guild, Inc. did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2010, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2010.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Rivertown Repertory Theatre Guild, Inc.

For the year ended June 30, 2011

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

11-01 Lack of Segregation of Duties

Recommendation - We recommend the Guild consider having other personnel involved in the accounting function, although to employ such controls may not be cost beneficial.

Management's Response - Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation.

Compliance and Other Matters

11-01 Financial Statements Prepared on a Basis other than Generally Accepted Accounting Principles

Recommendation - We recommend that the Guild comply with state law and prepare their financial statements in accordance with GAAP.

Management's Response - The Guild will submit its financial statements in accordance with GAAP in the future.

Section II - Internal Control and Compliance Material to the Federal Awards

Rivertown Repertory Theatre Guild, Inc. did not expend Federal awards in excess of \$500,000 during the year ended June 30, 2011, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit of State, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2011.